

SPRING 2009
volume five | edition one

CONSUMER CONNECTION



TAKE CHARGE, CALIFORNIA!

Facing foreclosure?

Be heard

Trading cash for gold?

Be smart

Riding a motorcycle?

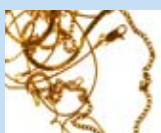
Be safe



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The *Consumer Connection* is produced by the Department of Consumer Affairs' Office of Publications, Design & Editing. If you have any questions or comments, please e-mail us at consumerconnection@dca.ca.gov.



From the Acting Chief Deputy Director

As you all know, Carrie Lopez resigned as Director of DCA effective April 3.

During her two years as Director, Carrie guided DCA through some significant challenges and oversaw many successes in overcoming those challenges.

One of the most significant is the continuing challenge of being smarter about how we get our job done. As Carrie herself said in a farewell letter to Board Executive Officers and Bureau Chiefs,

We built on the strength of our mission, achieving strategic alignment across the Department, our commitment to transparency, and our ability to leverage our relationships with other consumer advocates throughout the state. Though the Department has achieved many successes, one of the most beneficial in this regard was the consumer protection conference last year. A first-time gathering of all departmental boards and committees at one venue, which brought to life the Professionals Achieving Consumer Trust summit, increased outreach to consumers, stricter enforcement of licensed professionals, The PACT newsletter, and the collaboration with State leaders and consumer advocacy organizations to promote and share ideas that spotlight consumers and the protection ensured by law.

We also find ourselves much better prepared to accomplish our mission in the face of the changing demographics of California. During her two years at the helm, DCA increased its visibility among many diverse audiences using outreach, advertising and publicity. The culmination of that effort was last month's launching of the "Take Charge, California!" campaign, a campaign developed as a result of Carrie's wish to broaden the reach of our consumer protection message.

As part of that ongoing effort, plans are underway to add a new element to the "Take Charge, California!" campaign. We will be urging Californians to "Take Charge of Your Credit Card Debt" to help consumers develop smart habits and strategies involving their credit cards. Many Californians face a looming financial risk from increased credit card debt during these economically uncertain times. We will provide them with information about how to increase the financial literacy, live within their means, and fix their credit scores. We will also direct them to credible financial counseling organizations and help them avoid credit consolidation scams.

I know we will continue to seek out new ways to ensure our consumer protection message reaches as many Californians as possible. We are much better positioned to do so as a result of Carrie's leadership.

In the coming weeks, we will have the opportunity to introduce a new Director to you in these pages. In the meantime, thank you for your hard work on behalf of California's consumers.

P. J. Harris

PATTY HARRIS

Patty Harris accepted the position of Acting Chief Deputy Director of DCA on March 18, 2009. She has previously served in this capacity, and since June of 2006 has served DCA's Deputy Director for Board and Bureau relations. Prior to that, she had 25 years of service with the Board of Pharmacy, serving as Enforcement Coordinator, Assistant Executive Officer, Interim Executive Officer and, finally Executive Officer.

HOME MATTERS!



If you bought a house between 2004 and 2006 using an adjustable rate mortgage and little or no down payment, you're probably in a world of hurt. You owe more than your house is worth, and your monthly payment is going up.

If you think you're destined for foreclosure, that might not be the case. There are programs that may be able to help you keep your home. Isn't it worth a try?

THE MOST IMPORTANT THING TO REMEMBER IS THIS: If you can't pay your mortgage this month, call your lender now. Be honest about your situation. The earlier you call, the more options you have.

HERE'S WHERE TO GET HELP

- The HOPE Hotline at (888) 995.HOPE (888.995.4673) provides free, objective mortgage counseling 24 hours a day, seven days a week. English and Spanish-speaking counselors are available. Counseling is also available online at **www.995HOPE.org**.
- The State of California offers home mortgage and foreclosure prevention information online at **www.yourhome.ca.gov**. The Spanish-language version of the Web site is at **www.sucasa.ca.gov**.
- The U.S. Department of Housing and Urban Development (HUD) has launched an aggressive consumer education campaign targeting homeowners who are at risk of defaulting on their mortgage, facing a reset on their adjustable-rate mortgage, facing unemployment or facing huge health-care bills. For more information, call 877.HUD.1515 or, 877.483.1515, or visit **www.hud.gov**.

The following information and timeline comes from HUD and other resources. For more information, visit **www.hud.gov/foreclosure/fctimeline.cfm**.

FORECLOSURE TIMELINE

First missed payment: Your lender will likely contact you. Do not ignore the call or letter. Talk to the lender about your financial situation. You can also call 888.995-HOPE (888.995.4673) to talk to a housing counselor about your options. The counselors are approved by HUD, and there is no charge for their services.

Second missed payment: Talk to your lender and a counselor if you haven't already. You may be able to make one month's payment to keep from falling further behind.

Third missed payment: Your lender may contact you saying your loan is delinquent and you have 30 days to bring your loan current. You may still be able to work out something. Contact a counselor and your lender.

Fourth missed payment: At this point, the lender is likely to file a Notice of Default. That's a legal notice saying you have defaulted on your loan and are facing foreclosure. Three months after that, your house could be sold, and you could be forced out.

Note: State law requires lenders to meet with homeowners to discuss ways to avoid foreclosure before they file a Notice of Default.

Bottom line: If you are having trouble paying the mortgage, you really have only two options:

GET HELP.

GET OUT.

Get help. Swallow your pride, and call the Hope Now Alliance at 888.995.HOPE (888.995.4673) or, go online to **www.995hope.org**. English- and Spanish-speaking counselors are available 24 hours a day, seven days a week.



There is no charge for their help. Counselors can refer you to approved organizations in your area for in-person assistance. All counseling groups and individuals in the program have been approved by HUD.

If you want to keep your home, you may be looking for a temporary suspension of payments (called a forbearance), a loan modification with a new interest rate and terms, or a repayment plan to help you make up the missed payments.

These options may result in an lower monthly payment, but if you truly can't afford the house, a modified loan may only delay the inevitable. In fact, data from the U.S. Comptroller of the Currency showed that nearly half of the loans modified in the second quarter of 2008 fell delinquent again within six months. Your best bet may be getting out.

Get out. There's a serious downside to this approach. Your credit score will take a big hit, dropping 100 to 200 points, and it will take several years to build it back up. A low score means you may have trouble getting a loan, and you may pay a higher interest rate. However, some consumer advocates say making payments on a house you're going to lose anyway makes no sense. If you're thinking about giving the house back to the bank to avoid foreclosure, consult a housing counselor.

Tip: You may be able to avoid foreclosure with a "short sale" in which the house is sold for less than you owe on it. The lender has to agree to accept the lower amount, and a buyer has to be found.

KNOW YOUR MORTGAGE

If you bought your home between 2004 and 2006 with little or no down payment and a so-so credit score, you probably have a subprime adjustable-rate mortgage (ARM). That means you are likely to have a low introductory interest rate that "resets" higher in the future. The reset can send mortgage payments skyrocketing by hundreds of dollars per month. The details are in the loan documents you signed when escrow closed. If you can't find the papers, contact your lender. The phone number should be in your payment coupon book.

Don't feel embarrassed if you don't understand your loan documents. A survey by Bankrate.com in August 2008 showed that one in four homeowners didn't know what kind of mortgage they have. "Even those that did know what type of loan (they had) didn't know enough specifics and were blindsided by big payment increases," said Greg McBride, Bankrate's senior financial analyst.





In many cases, the homeowners pay thousands of dollars for nothing, and still lose the house.

WATCH OUT FOR FORECLOSURE FRAUD

The Notice of Default is a legal document mailed to you and filed with the county recorder's office – and it's public. That means scam artists operating as foreclosure rescue companies can get your name and address from the public record. They will know you are in financial trouble, and they will try to take advantage of you.

Thousands of Californians have paid fees of up to \$3,000 to scam artists who claim they can get better terms on the mortgage. Sometimes the homeowner is told to make the mortgage payments to the rescuer instead of the lender, or to turn title of the house over to the rescuer. In many cases, the homeowners pay thousands of dollars for nothing, and still lose the house. The stories are heartbreaking. You don't want to be one of them.

If you have been a victim of a foreclosure rescue scam, you can file a complaint with the California Attorney General's Office. Call 800.952.5224 or visit www.ag.ca.gov/consumers. The Attorney General recently sent three people to prison for their roles in one foreclosure rescue scheme.

SPECIAL HELP FOR MILITARY VETS

Military veterans have certain protections against foreclosure under State and Federal laws. Veterans should contact the following for assistance:

- U.S. Veterans Administration. Call 877.827.3702 or visit www.homeloans.va.gov.
- California Department of Veterans Affairs. Call 800.952.5626 or visit www.cdva.ca.gov/calvetloans.

WERE YOU A VICTIM OF LOAN FRAUD?

Examples of loan fraud include misrepresenting the loan amount, the interest rate, or the monthly payment; falsifying the loan application, forging a consumer's signature, and using documents not in the language used in the sale transaction. If you suspect you have been a victim of loan fraud by a lender or mortgage broker, you may want to consult an attorney to discuss your options.

In a November 2008 survey of mortgage counseling agencies by the California Reinvestment Coalition more than half (56 percent) of the groups surveyed cited lender/broker abuse as a "very common" problem. In addition, nearly two-thirds (64 percent) of the groups surveyed reported that non-English speakers were sold loans in their native languages, but were provided English-only documents to sign.

Here are some options for finding legal assistance:

- A Legal Aid Society. The Department of Consumer Affairs has a list of Legal Aid Societies throughout California. Find it at: www.dca.ca.gov/publications/guide/legal_index.shtml.
- ForeclosureInfoCA.org. can answer questions and connect you to legal help. Visit <http://foreclosureinfoca.org>.
- A private attorney. Use the the State Bar of California's Lawyer Referral Services Directory. Call 866.442.2529 or 866.44.CA.LAW or visit www.calbar.ca.gov.
- Senior Legal Hotline. Homeowners age 60 and older can call the Senior Legal Hotline at 800.222.1753 or 916.551.2140 for assistance.



Take Charge, California!

Be smart. Be safe. Be heard!



That is the message of Take Charge, California! – an exciting new consumer education and empowerment campaign developed by the Department of Consumer Affairs. Take Charge, California! was launched during National Consumer Protection Week March 1 through 7, with kickoff events in Sacramento and Los Angeles.

The campaign will give Californians the information, resources, and assistance they need to become smart, safe, and self-reliant in conducting business for themselves and their families. Take Charge, California! will also help consumers discover the power of their voice in the marketplace and how to make themselves heard when things go wrong.

Be smart.

Know your rights and responsibilities.

As consumers, we have certain rights. Fair pricing, truthful advertising, and full disclosure of the terms of sale are just a few of those rights. Without full knowledge and understanding of our consumer rights, we can be taken advantage of by dishonest and unscrupulous people. Along with our consumer rights comes the responsibility to gather and understand the information needed to make good choices – choices that ensure the best possible outcome for ourselves, our families, our communities, and the world we live in. Take Charge, California! will help Californians learn and understand the marketplace rights they are entitled to and the responsibilities that come with them.

Be safe.

Make informed and appropriate decisions.

We protect ourselves in the marketplace by making good consumer choices. Take Charge, California! will give Californians the information they need to help ensure the decisions they make are good ones. The campaign will help consumers gain control of consumer processes, avoid unpleasant surprises when buying products and services, and get the best value for their dollar.

Making good choices is also about conserving our precious natural resources and protecting our environment. Take Charge, California! can help.

Be heard.

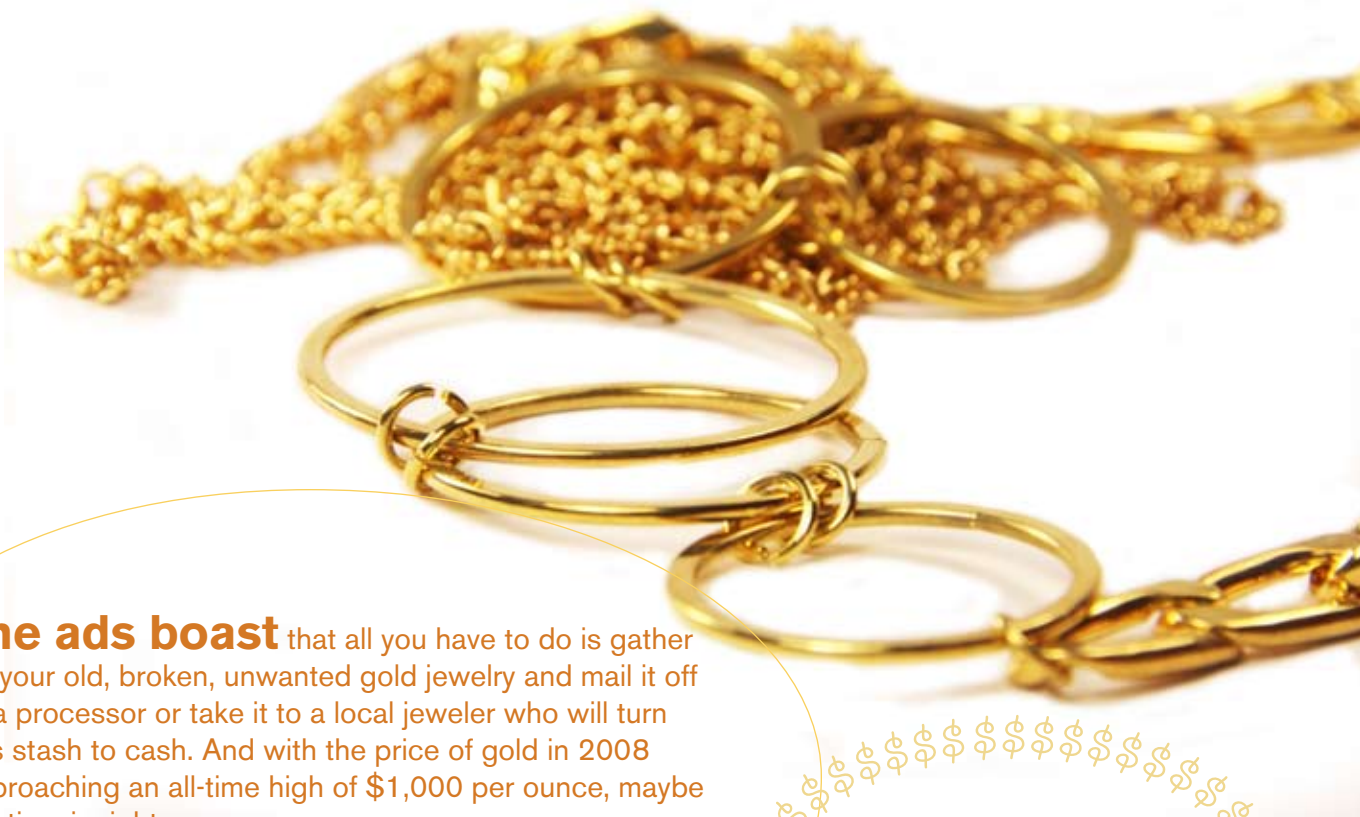
Learn the power of your voice!

Even the best-laid plans can go awry, and it is sometimes necessary to complain about products purchased or services rendered. Take Charge, California! will help consumers learn how, when, and to whom to complain effectively when a problem arises.

The keystone of the campaign is a Web site loaded with consumer information from a host of federal, State, and local agencies. Visit **www.TakeChargeCA.ca.gov**. You can also call 800.952.5210. Take Charge, California! Phone agents can answer consumer questions and address consumer complaints in English, Spanish, and more than 170 other languages.

Cash for gold: What is your jewelry really worth?





The ads boast that all you have to do is gather up your old, broken, unwanted gold jewelry and mail it off to a processor or take it to a local jeweler who will turn this stash to cash. And with the price of gold in 2008 approaching an all-time high of \$1,000 per ounce, maybe the time is right.

Maybe not. How much cash you are offered for your jewelry will vary widely. What is your jewelry really worth?



First, most offers are for gold content, not precious stones. If you think the stones in your jewelry are valuable because of size or quality, you should have the piece appraised at one or more Better Business Bureau-accredited jewelers or a lab certified by the American Gemological Society. Gold-buying specialists tend to give you little or nothing for your gems. They are interested in the gold that can be melted down.

What is the metal value of your jewelry? Basically that should be the weight of gold you are selling minus the cost of refining, plus a fair profit for the buyer.

The amount of gold in your jewelry is expressed in karats (usually as a stamp on an inside surface). Pure gold, which is too soft to craft into jewelry, is 24 karats. Fifty percent pure gold content is half that, or 12 karats. Let's say you have one ounce of 12-karat gold and the current price of gold is \$800 an ounce. Your one ounce of 12-karat gold could be worth as much as \$400. Most likely, you would not get that high a price from a gold refiner. Most of them will pay 40 to 95 percent of the current price of gold.

If you are interested in selling your gold jewelry for scrap, experts advise getting more than one estimate. Your options include jewelry stores, pawn shops, or online. In all cases, be sure you use a reputable company. Check reviews with the Better Business Bureau (BBB).

What about gold parties?

Gold parties are when friends and neighbors visit someone's home and sell gold to a dealer at the event. The party's hostess gets a commission on any sales to the dealer. The BBB suggests that you do your homework before selling your gold at a gold party. You should know the karat and weight of your gold and the current market price before you go.

Tips: Sales of this kind are best for broken or unwanted gold. Vintage or estate jewelry may be worth more sold as-is. Gold-plated costume jewelry is basically worthless for melting down.

A close-up portrait of a person wearing a black motorcycle helmet with orange and black graphics on the top. They are also wearing white motorcycle gloves with black accents. The person's eyes are visible through the helmet's visor, looking directly at the camera. The background is a solid red color.

***MOTORCYCLE HELMET:
CONSIDER IT YOUR TICKET TO RIDE***



Motorcycle riding is exhilarating! There's nothing like feeling the wind rush by as you cruise down the highway or a mountain road on a beautiful day. Motorcycles cost less than cars, get better gas mileage, and are easier to park.

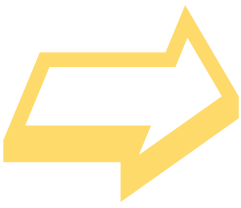
Whatever your reasons for riding, wearing a helmet is not only a smart choice, it's also the law. California law requires that both driver and passenger (including children) wear a helmet when riding a motorcycle on public roadways.

National Highway Traffic Safety Administration (NHTSA) statistics show that an unhelmeted motorcyclist is 40 percent more likely to suffer a fatal head injury and 15 percent more likely to suffer a nonfatal injury than a helmeted motorcyclist when involved in a crash. Statistics also estimate that helmets saved the lives of 1,658 motorcyclists in 2006.

There are three legal types of helmets: full-face, three-quarter, and half-shell. These helmets must meet the U.S. Department of Transportation (DOT) standard, which defines minimum levels of performance a helmet must meet to protect the head in the event of a crash.

Each type of helmet has advantages and disadvantages. The helmet best suited for you depends on the level of protection, comfort, and visibility you desire.





MOTORCYCLE HELMET: CONSIDER IT YOUR TICKET TO RIDE

A



A Full-face helmet:

Pros:

- Provides the highest level of protection to the skull, face, and chin.
- When the helmet is used along with a shatter-resistant face shield, it protects the rider's eyes from wind, dust, insects, and pebbles.
- Reduces wind and road noise.

Cons:

- Limited ventilation can make the helmet hot and uncomfortable in the summer.

B



B Three-quarter helmet:

Pros:

- Protects the entire skull.
- When the helmet is used along with a shatter-resistant face shield, it also protects the rider's eyes from insects and pebbles.

Cons:

- Does not protect the chin.
- Tends to be noisier than a full-face helmet.

C



C Half-shell helmet:

Pros:

- Lightweight.
- Allows the most amount of ventilation.

Cons:

- Does not protect all parts of the skull, face, or chin.
- Does not provide warmth in cold weather.

D



D Novelty helmet:

Warning! Novelty helmets are not DOT-approved. Although these helmets may have a rigid outer shell, they don't have an expanded polystyrene (EPS) liner to protect the skull in an impact. These helmets offer the least amount of protection for the rider. They are also illegal to use in California.



How to select a helmet:

Try on several different helmets before you purchase one. The best way to gauge comfort and fit is through comparison. Wear each one for five minutes and then take it off. The helmet should fit comfortably all the way around your head. Higher-quality helmets often provide additional internal pads to improve comfort and fit. Measure your head to determine the size helmet you need.

Chin strap:

Make sure the chin strap fits around your ear and under your chin snugly and comfortably. The helmet should not shift or twist on your head. A functional chin strap is mandatory under California's helmet law and also critical to keep the helmet positioned correctly on your head while you ride and if you're involved in an accident.

Eye protection:

Visors, goggles, and sunglasses are available in clear and tinted. Be sure to select the type that suits the type of road or weather conditions you will be riding in. A visor on a full-face helmet should always be used in the closed position. A visor on a three-quarter helmet usually snaps to the top of the helmet. If you choose not to use a visor, it makes sense to wear some type of eye protection such as shatter-resistant goggles or sunglasses.

Ventilation:

A good ventilation system is very important, especially in a full-face helmet. It not only keeps you comfortable but also helps reduce visor fogging that could impair your vision.

Safety sticker:

Look for the DOT safety sticker on the back of the helmet. Every helmet worn in California must pass this government safety standard. You may also find a Snell certification label inside the helmet, under the top liner. The Snell Memorial Foundation is a nonprofit organization dedicated to research and education. The foundation tests helmets and created the highest safety standard for helmets in the world. For additional helmet information, related links, and more information about the Snell Memorial Foundation, go to www.smf.org and www.msf-usa.org/downloads/helmet_CSI.pdf.

Price and quality:

Helmets vary in cost from \$50 to \$600. DOT and Snell standards do not measure factors like comfort, ventilation, brand recognition, or style. The quality of materials, interior comfort padding, and exterior helmet graphics are factors that frequently drive up the cost of a helmet. Keep in mind a \$600 dollar helmet may not provide three times the protection of a \$200 helmet.



**MOTORCYCLE HELMET:
CONSIDER IT YOUR TICKET TO RIDE**

ride safe!



Other ways to ride safe

An informed rider is often a safe rider. Before getting on your motorcycle, read books and watch videos to help increase your knowledge and understanding of safe riding techniques. Also consider enrolling in a motorcycle training course. The California Motorcyclist Safety Program (CMSP) offers a Basic Rider Course as well as an Experienced Rider Course. Both are available throughout California. Go online to **www.ca-msp.org** for more information. Your insurance company may also reduce your motorcycle insurance rates after you successfully complete one of these courses.

Take time to learn about the importance of choosing the correct motorcycle helmet for you and your passenger. Talk with other motorcyclists, visit motorcycle accessory stores, visit your local library, and even search the Internet to become informed and educated before you buy.

Sources:

Department of Motor Vehicles
2008 *California Motorcycle Handbook*
National Highway Traffic Safety Foundation
Snell Memorial Foundation

WE Connect helps California's families

California's First Lady Maria Shriver recently toured Northern California as part of her 2009 WE Connect campaign, a public-private partnership designed to help California's working families. Through her WE Connect events, Shriver connected hundreds of families with information and tools to take full advantage of valuable financial resources, such as the Earned Income Tax Credit (EITC). The push for WE Connect coincides with tax season and comes at a time when families are in desperate need of community resources.

"The worsening national economic climate makes it more important than ever to help California families get connected to a variety of support services to help during this challenging time," Shriver said. "Millions of dollars in Earned Income Tax Credit go unused every year simply because families do not know that they are eligible to receive it. With such wonderful partners and community leaders, WE Connect can make a difference and give families the chance to get ahead."

As one of the most innovative statewide efforts promoting the EITC, WE Connect uses all available channels to reach out to the more than 625,000

eligible families in California who currently are not claiming this credit. The campaign also connects families with other key programs and services. The campaign partners with community organizations, statewide programs, and major corporations to reach working families where they shop, eat, work, live, and learn.



The WE Connect campaign includes the following:

www.WEconnect.net

This Web site is a one-stop shop connecting Californians to programs and services they may be eligible for. The site houses an all-inclusive resource map, the first of its kind in the country, which connects visitors to hundreds of locations near them offering free tax assistance, job fairs, and other helpful services.

Web Connector

The WEb Connector, the campaign's exclusive online tool, developed by partner Intuit, Inc. for this campaign, helps working families determine exactly which of the nine programs they may be eligible for and how to apply - all with the click of a mouse.

WE Connect Events

WE Connect events take place throughout the State in partnership with a network of groups providing free, one-on-one tax preparation for eligible working families and individuals.

WE Connect also reaches out to working families through their workplace by providing information to small businesses, business associations, unions, and small business development centers. The goal is to engage small business owners in educating their employees about important resources that may help them. Materials available will include "Connector" tool kits, workplace posters and brochures, payroll inserts and e-mail blasts.

For more information on the WE Connect campaign, visit **www.WEconnect.net**.

A close-up, artistic photograph of a man's face, partially obscured by his hands. He appears to be in a state of distress or despair, with his eyes closed and hands pressed against his face. The lighting is dramatic, with strong highlights and deep shadows, emphasizing the texture of his skin and the intensity of his expression. The background is a solid, light color, making the subject stand out.

Dealing with the dark side of debt collections

Stuff happens. People lose their jobs, marriages break up, people get sick. If any of these have happened to you, your bills may be piling up, and your credit may be sinking.

And just when things are getting really bad, debt collectors start calling.

You may be tempted to dodge their calls and ignore their letters, but that won't help much. In fact, it's exactly the wrong thing to do. If you ignore debt collectors' demands for payment, you may end up with a court judgment against you. With a court judgment against you, a debt collector could go after your wages (even for a future job) and other property you own, now, or in the future. You don't want that.

Even so, that doesn't mean you should pay a bill you don't owe or allow yourself to be harassed by debt collectors. You have rights.

A Legal Guide from the Department of Consumer Affairs (DCA) has information about how to respond to a debt collector. The guide, *What to do if You Receive a Demand for Payment from a Creditor or a Debt Collection Agency*, is available online at www.dca.ca.gov/publications/legal_guides/index.shtml. Call 800.952.5210 to have printed copies mailed to you.

Remember: A debt collection agency collects debts originally owed to other businesses and creditors. In most instances, collection agencies handle unpaid credit card or medical bills. These debts are considered "unsecured" because they are not tied to consumer goods such as a house or car.

Here are a few tips on dealing with debt collectors:

- If you don't owe the money, say so. You may have been the victim of identity theft or forgery. Provide details and proof.
- If you paid the bill before it went to a collection agency, provide cancelled checks or receipts.
- If you owe the money, arrange to pay it if you can. Don't promise to pay if you can't. Debt collectors keep track of such "broken promises." Ask if the collector will accept a lower amount to settle the bill. This approach often works, but get the agreement in writing.

California law prohibits deceptive, dishonest, unfair, and unreasonable debt collection practices, and regulates communications by collectors. For details on what debt collectors can and can't do, see the DCA Legal Guide *Summary of the Fair Debt Collection Practices Statutes*. The guide is available online at www.dca.ca.gov/publications/legal_guides/index.shtml. Call 800.952.5210 to have printed copies mailed to you.

Credit repair scams

You've seen the ads in magazines, on daytime TV, or even in signs posted at grocery stores and apartment complex laundry rooms.

"Credit problems? No problem!"

"We can remove bankruptcies, judgments, liens, and bad loans from your credit file forever!"

"We can erase your bad credit — 100% guaranteed."

Is it possible? The U.S. Federal Trade Commission (FTC) says such statements are likely signs of a scam. Indeed, attorneys at the nation's consumer protection agency say they've never seen a legitimate credit repair operation making those claims.

Legitimate, professional credit counseling may be able to help you rebuild your credit and reduce your debt, but the FTC reminds consumers that no one can legally remove accurate, negative information from your credit report. In most cases, negative information will remain on your credit report for seven years.

Members of the National Foundation for Credit Counseling, most of which are known as Consumer Credit Counseling Service, sponsor a Web site to help consumers find a trained, certified counselor. Visit www.DebtAdvice.org or call 800.388.2227.

Other resources

For more information see DCA Legal Guide *Credit Repair Services*. Find it online at www.dca.ca.gov/publications/legal_guides/index.shtml. Call 800.952.5210 to have a printed copy mailed to you.

The Federal Trade Commission has a variety of consumer publications on debt relief and credit counseling. Find the brochures online at www.ftc.gov/bcp/menus/consumer/credit/debt.shtml or call 877.FTC.HELP (877.382.4357).

The California Assoc. of Collectors, Inc., offers tips and solutions about collections online at www.calcollectors.net.

Remember: A debt collection agency collects debts originally owed to other businesses and creditors. In most instances, collection agencies handle unpaid credit card or medical bills. These debts are considered "unsecured" because they are not tied to consumer goods such as a house or car.





DEALS ON WHEELS THE UPSIDE TO A DOWN ECONOMY

Here's some good news:

These days, it's cheaper to buy a new car than a used car. That's according to results of a March survey by automotive researcher Edmunds.com.

Two things are happening to create this trend, the researcher says: First, car manufacturers are seeing the lowest sales in decades, and they are being forced to offer incentives and financing so generous that deals on new cars are better than ones offered on older models.

Second, there are fewer used cars for sale. Rental companies and corporations, who used to change out their fleets once a year are keeping their cars longer, keeping them off the used car lot. In addition, many consumers are keeping their cars longer. More people performing do-it-yourself maintenance instead just trading in the old car for a new one.

So, right now, it's a buyer's market for cars. According to Edmunds.com Senior Analyst Michelle Krebs, incentives are being offered at record levels. How can you take advantage of all the good deals? A little homework will pay big dividends. Shop for the best combination of incentives, rebates, and deals in your area.

Your voice is powerful; ask questions. Don't agree to anything until you get what you want. Krebs says right now there "is much room for haggling." And make sure that you read the contract and understand it before you sign here and initial there.

People may be hesitant to buy a car for fear that they might lose their job and face repossession and, worse, a bad credit rating.

Some companies, such as Hyundai, are taking that worry out of car buying with the Hyundai Assurance Plan, which allows you to turn in your car if you lose your job within a year of purchase.

No harm, no foul.

Here are a few rules of thumb to follow when going to the car lot:

Take your time: Hurry is the biggest enemy of smart car shopping. Do your homework. Consider renting or leasing as well.

Finances first: How much money can you put down on a car? Check your credit score and history with the three major credit reporting agencies, then find out what kinds of loan terms you can get from your bank, credit union, and other lenders.

According to Edmunds.com, if your credit score is below 720 (generally recognized as the minimum for "good" credit) you might have to produce a 10 to 20 percent down payment to finance through a lender.

After you know the interest rates you can get from lenders, compare them with the rates offered by today's highly motivated sellers. Don't forget to add in the cost of insurance, gas, and maintenance.

Discounts versus risks: Fears that General Motors, Chrysler, and other vehicle manufacturers may face bankruptcy have led them to offer substantial discounts on current models. Even if GM enters into some form of bankruptcy, "we (would) set aside funds to take care of our warranty obligations," GM spokesperson Janine Fruehan told CNN late last year.

Research makes and models: *Consumer Reports* and other rating sources can give you information on a car model's reliability, safety, mileage, and resale value. For example, an independent test drive may indicate a vehicle's real-world mileage tends to be below that claimed by the manufacturer under ideal conditions and stated on the window sticker. These factors will also help determine your insurance rate.

Is it California legal? If you're buying an out-of-state vehicle, first check if you will be able to smog and register it in California.

Check out the dealer: Vehicle dealers who repair automobiles (necessary to maintain the manufacturer's warranty) must be registered with the California Bureau of Automotive Repair (BAR). You can review the dealer's record of complaints on the BAR Web site, www.bar.ca.gov. Click on "Verify a License," then click "Auto Repair Dealers." Also check with the dealer's local Better

Business Bureau to find out if the company is an accredited member or has a record of unresolved complaints.

Check out the private seller: Because buying a car is a major investment, check out sellers, talk to their employers, neighbors. Get their ID and driver's license number. If they balk, walk.

Refuse new car extras: Some dealers try to boost their profits by offering car buyers extras such as rust-proofing, floor mats, paint, fabric protection, and other items that may unnecessary or available through an auto parts retailer for much less. Offers for extended manufacturer warranties should be approached with caution.

Shop with a friend: Shopping alone puts you at a disadvantage, especially with dealers who use high-pressure sales ploys. Bring a friend who can give you an objective opinion. A friend with automotive knowledge is a plus.

Watch out for:

- Storm, accident, salvage, and auction cars.
- Lien sale vehicles, vehicles labeled "Dealer Buyback," "Lemon Law Buyback" or "Odometer Not Actual Mileage."
- Exotic, limited production cars, or cars manufactured for sale outside the U.S.
- Vehicles purchased "sight unseen."
- Vehicles located out of area, out of state, or out of country with an offer to ship after payment. (Almost all these offers are scams.)
- Modified vehicles: vehicles with modified emissions systems, suspensions (raised or lowered vehicles), or tires that are smaller or larger than factory recommended sizes.
- Non-manufacturer warranties.
- Vehicles with a problematic Smog Check test history.
- Vehicles the seller is unwilling to smog (required of sellers by California law).
- Sellers who want to meet you in a parking lot or other location away from their home. Frequently these are scammers who are trying to sell a damaged, malfunctioning, or even stolen vehicle with a forged pink slip. To dispose of lemon vehicles, some dealers disguise themselves as private sellers. This crime is called "curbstoning."

Review the dealer's record of complaints on the BAR Web site, www.bar.ca.gov



Resources:

FINANCIAL WEB:

Car buying, leasing strategies
www.finweb.com/loans/a-few-savvy-car-buying-or-leasing-strategies.html

CREDIT REPORTING AGENCIES:

Experian, www.experian.com, TransUnion, www.transunion.com, Equifax, www.equifax.com. All are required by law to provide the consumer one free credit report in any 12-month period. You can order a credit report from all three at www.annualcreditreport.com or by calling (877) 322-8228.

CONSUMER REPORTS MAGAZINE:

www.consumerreports.org/cro/cars/index.htm

BETTER BUSINESS BUREAU:

How to be a Smart Car Shopper.
www.bbb.org/alerts/article.asp?ID=432

FEDERAL TRADE COMMISSION:

Buying a new or used car. www.ftc.gov/bcp/menus/consumer/autos/buy.shtm

KELLY BLUE BOOK:

New and used car prices. www.kbb.com

EDMUNDS.COM:

New and used car reviews and prices, dealer ratings, shopping tips. www.Edmunds.com

CALIFORNIA DEPARTMENT OF INSURANCE:

Information on auto insurance.
www.insurance.ca.gov/0100-consumers/0060-information-guides/0010-automobile/index.cfm

BUREAU OF AUTOMOTIVE REPAIR:

Information on a California vehicle's Smog Check history. www.bar.ca.gov/applications/VehTests/PubTstQry.aspx. Also see *Consumer's Guide to Automotive Repair* online at www.autorepair.ca.gov. Click on "Auto Repair Guide."

DEPARTMENT OF MOTOR VEHICLES:

Registration requirements, how-to information and brochures. www.dmv.ca.gov/pubs/brochures/vrbrochures_top.htm

CONSUMER SCAM ALERT:

ROUNDUP OF CURRENT SCAMS



Lower property tax scheme

Thousands of home and property owners across California are being mailed notices stating they can reduce their property taxes by applying for a reassessment. These offers look like official government notices, although some may include the words “non-government agency” in fine print. The senders reportedly charge up to \$171 for their services, imposing an additional \$67 “late fee” if they do not receive a response by a certain time. The costs are bogus, warns the California Office of the Attorney General. If your property has declined in value and you think your property tax is incorrect, you can request a review from your local tax assessor. For more information, contact your county tax assessor’s office.

Publishers Clearing House scam

Consumers are receiving official-looking envelopes and documents in the mail announcing they have won a prize in the well-known Publishers Clearing House Sweepstakes. The announcement will contain a check, but recipients are warned not to cash this check (which is a forgery) until they have wired money (usually to an individual in a foreign country) to cover the cost of taxes. This is a scam. Publishers Clearing House advises consumers that they never have to make a purchase to enter their contest, nor are they ever asked to wire money.



“Grandma, it’s me!” or “Grandma, guess who this is!”

The criminal may try a line like the above on many phone numbers until someone answers with a name, for example: “Kim is that you?” The con artist replies “yes” and goes on to explain he is out of town with a group of friends. They are being detained by a local sheriff for a ticket and are pooling their money to pay it off. Could you wire money to cover his share? Send it in the name of the friend who will pay for the ticket. This scam is now common in Northern California (particularly Redding). In the Bay Area, scammers are targeting Chinese-American seniors.

CONSUMER SCAM ALERT: ROUNDUP OF CURRENT SCAMS



Amish Miracle Heater

Advertisements in magazines, such as *Parade*, claim that the Amish Miracle Heater will save you big money by heating a room for pennies per hour. The heaters, which sell for \$545 to \$590 each, come with wooden frames (mantles) made by members of an Amish group. The Miracle Heaters are no more efficient than any other 1500-watt electric heater, says Consumer Affairs.com, some of which sell for as little as \$21. That's no miracle.



Economic stimulus scam

Scammers on the Web and in e-mail are offering to help consumers qualify for money from President Obama's economic stimulus package. Messages may ask for a consumer's bank account information to deposit their share of the stimulus directly into their bank account. Instead, the scammers drain consumers' accounts and disappear. Or, bogus e-mail may appear to be from government agencies and ask for information to verify that you qualify for a payment. The scammers use that information to commit identity theft. Some e-mail scams ask consumers to click on a link to see if they qualify for funds. Clicking on the link downloads malicious software or spyware that can be used for identity theft. Consumers who think they may have been victimized by one of these scams, should report the scam to the Federal Trade Commission. To file a complaint in English or Spanish, visit www.ftc.gov or call 877.FTC.HELP (877.382.4357).

MONEY\$MART\$

The background of the slide is a collage of various financial charts and graphs. At the top, there's a bar chart with blue and black bars. Below it, a line graph with multiple colored lines (pink, blue, red) is visible. A large 3D pie chart with segments in orange, red, blue, purple, yellow, and green is prominent in the lower right. The overall color scheme is dominated by blues, oranges, and yellows.

**Everyday
financial facts
to educate,
empower, and
amuse**

THIS EDITION: THE STOCK MARKET

With President Barack Obama calling stocks “a potentially good deal” for those willing to think long-term, maybe now’s a good time to test our knowledge of some of the terminology used by those crafty magicians of the market, wizards of Wall Street, and whatever else they’re called these days.

The Stock Market

MONEY\$MART\$

First, some points to keep in mind when investing in the stock market:

- You will make money.
- You will lose money.
- Past performance is no guarantee of future results.

Here's the quiz

- 1) What are mutual funds?
 - a. A collection of stocks and bonds that help each other.
 - b. A collection of stocks and bonds that share a common hobby.
 - c. A collection of stocks and/or bonds, bought and sold together as one investment instrument.
- 2) What's a back-end load?
 - a. Too much junk in the trunk.
 - b. A sales charge paid after mutual fund shares are sold.
 - c. An indication you need to lose some weight.
- 3) Who is Fannie Mae?
 - a. Someone with a flowery apron and homemade cookies.
 - b. The Federal National Mortgage Association, a company that buys certain loans from companies, then packages them, and resells them to other companies.
 - c. Someone to blame for the mortgage meltdown.
- 4) What or who is Dow Jones?
 - a. One of the Jones boys (with James Earl, Quincy, and Indiana).
 - b. Another term for the Dow Jones Industrial Average, a stock market index created by Charles Dow and Edward Jones.
 - c. Something that's been going down a lot lately.

- 5) What is capitalization?
 - a. Using big letters at the start of a sentence.
 - b. The total value of a given company in the stock market.
 - c. When your lender adds unpaid interest to your student loan balance.
- 6) What is leverage?
 - a. Finding compromising pictures of your boss on Facebook.
 - b. Using money you don't have to make more money you won't get.
 - c. A tool used to change a flat tire.

If you're in a position (financially and otherwise) to show the stock market some love, you may want some guidance. Here are some Web sites for basic investment information and advice.

The Motley Fool has financial information for all kinds of investors, with the mission "to educate, amuse, and enrich." **www.fool.com**.

Morningstar, Inc. provides investment research, reports, and tools. **www.morningstar.com**.

Kiplinger offers personal finance advice and business forecasts. **www.kiplinger.com**.

MyMoney.gov, a Federal government Web site covers a variety of financial topics. **www.MyMoney.gov**.

The Securities and Exchange Commission oversees and regulates the nation's securities markets and offers a variety of consumer publications on investing, including how to check out your broker and financial adviser. **www.sec.gov**.

The California Department of Corporations licenses and regulates broker-dealers and investment advisors in California. To check a license, file a complaint, or obtain more information, visit **www.corp.ca.gov** or call 866.275.2677 or 866.ASK.CORP.

Answers:

1.c; 2.b; 3.b; 4.b; 5.b and c; 6.b

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